

Capstone Projects

**Trustees' report and consolidated financial statements
for the year ended 31 March 2018**

Registered number: SC247223

Capstone Projects (A company limited by guarantee)

Contents

	Page
Charity information	1
Trustees' report	2 - 3
Statement of trustees' responsibilities	4
Independent examiner's report	5
Consolidated statement of financial activities	6
Charity balance sheet	7
Consolidated balance sheet	8
Notes to the consolidated financial statements	9 - 20

Capstone Projects
(A company limited by guarantee)

Charity information

Trustees	Duncan Chisholm Norman Forrest Andrew Greer Alexander Macaulay Derek Marshall Joyce Matthew
Secretary	D Marshall
Independent examiner	Sheena Gibson FCCA Henderson Loggie The Vision Building 20 Greenmarket Dundee DD1 4QB
Bankers	Royal Bank of Scotland 3 High Street Dundee DD1 9LY
Principal and registered office	15 Balunie Drive Dundee DD4 8PS
Registered number	SC247223
Charity number	SC034287

Capstone Projects

(A company limited by guarantee)

Trustees' report

The trustees of the charitable company (the charity) are its trustees for the purposes of charity law and throughout this report are collectively referred to as the trustees.

The trustees present their report and consolidated financial statements for the year ended 31 March 2018.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), issued during July 2014.

Structure, governance and management

Capstone Projects is a company limited by guarantee and a charity governed by its Memorandum and Articles of Association.

Subsidiary

Capstone Projects is the parent of a small group. The principal activity of the subsidiary is the operation of a Coffee Shop.

Recruitment and appointment of trustees

As the charity expands other trustees will be identified and asked to join the board as appropriate to the needs of the charity. This will be with the unanimous approval of the board. The appointment of trustees is governed by the Memorandum and Articles of Association.

No person shall be admitted as a member of the charity unless they are appointed by the trustees.

Trustees

The trustees at the date of this report are noted on page 1.

Organisation

The board of trustees which meets two or three times a year administers the charity. D Marshall is approved by the trustees to manage the day to day operations of the charity.

Key management

The trustees consider the board of trustees comprises the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. No director has received any remuneration during the current or previous financial years.

Risk management

The main risk to which the charity is exposed is ensuring sufficient funds are raised in the future to meet the needs of the charity. The Trustees continue to monitor the financial position at each meeting to ensure all requirements continue to be met.

Capstone Projects
(A company limited by guarantee)

Trustees' report (continued)

Objectives

Our objectives, as recorded in our Articles, are to relieve persons who are in conditions of need or hardship or who are aged or sick and to relieve the distress caused thereby in the United Kingdom and overseas. To advance the Christian faith and education in accordance with Christian principles. To provide recreation and other leisure time activities to the youth, the old and the disabled and to improve their conditions of life in a situation of poverty or social and economic circumstances by promoting their physical, mental and spiritual wellbeing.

Main activities

The charity is currently involved in several projects with the aim of relieving poverty in the town of Lugazi, Uganda.

In particular, the charity has focused on:

- Providing support and education to street children with construction of a school building and personal development.
- Developing a medical dispensary and in particular treating and educating local residents about AIDS/HIV and malaria.
- Providing support and employment opportunities in the charity's coffee growing project.

Financial overview

After income of £113,509 and paying costs of £105,788 the group retained a surplus in 2018 of £7,721 (2017 – deficit of £7,006). Net assets for the group total £16,235 (2017 - £8,514).

Reserves

At present free reserves of the group amount to £6,928 (2017 - £2,170) which amounts to more than one month of unrestricted expenditure.

Plans for the future

No changes are presently envisaged in the charity's main activities outlined above.

Small company provisions

This report has been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to small companies regime.

This report was approved by the Board on 10 August 2018 and signed on its behalf by:



Derek Marshall
Trustee

Capstone Projects (A company limited by guarantee)

Statement of trustees' responsibilities

The trustees (who are also the directors of Capstone Projects for the purposes of company law) are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure of the charitable company and group for the period. In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and group will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Capstone Projects
(A company limited by guarantee)

Report of the Independent examiner to the Trustees of Capstone Projects

I report on the financial statements of the charitable company and group for the year ended 31 March 2018 which are set out on pages 6 to 20.

Respective responsibilities of trustees and examiner

The charity's trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the 2006 Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charitable company and group and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the financial statements.

Independent examiner's statement

In the course of my examination, no matter has come to my attention (other than disclosed below)

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations
 - to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations

have not been met, or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



Sheena Gibson FCCA
Henderson Loggie
The Vision Building
20 Greenmarket
Dundee
DD1 4QB

10 August 2018

Capstone Projects
(A company limited by guarantee)

Consolidated statement of financial activities (incorporating income and expenditure account) for the year ended 31 March 2018

	Note	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Income from:					
Grants and donations	5	2,678	45,588	48,266	45,491
Income from other trading activities:					
Commercial trading operations	5	65,243	-	65,243	64,041
Total income		67,921	45,588	113,509	109,532
Expenditure:					
Raising funds					
Commercial trading operations	6	60,323	-	60,323	60,446
Charitable activities	6	2,358	43,107	45,465	56,092
Total expenditure		62,681	43,107	105,788	116,538
Net income/(expenditure)		5,240	2,481	7,721	(7,006)
Transfer between funds	12	(482)	482	-	-
Net movements in funds		4,758	2,963	7,721	(7,006)
Funds reconciliation:					
Total funds brought forward	12	2,170	6,344	8,514	15,520
Total funds carried forward	12	6,928	9,307	16,235	8,514

For the financial year the charity was entitled to exemption under section 408 of the Companies Act 2006 from presenting the individual SOFA of the charity.

Capstone Projects
(A company limited by guarantee)

Charity balance sheet at 31 March 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Investments	9		2		2
Current assets					
Debtors	10	2,503		-	
Cash at bank and in hand		14,867		9,496	
		<u>17,370</u>		<u>9,496</u>	
Creditors: amounts falling due within one year	11	(1,373)		(1,693)	
Net current assets			15,997		7,803
Net assets			15,999		7,805
			=====		=====
Reserves					
Unrestricted reserves	12		6,692		1,461
Restricted reserves	12		9,307		6,344
Members' funds	12		15,999		7,805
			=====		=====

For the financial year in question the company was entitled to exemption under Section 477 of the Companies Act 2006 relating to small companies.

No members have required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006.

The trustees acknowledge their responsibility for complying with the requirement of the Act with respect to accounting records and for the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the board on 10 August 2018.

D.R. Marshall

D Marshall
Trustee

Capstone Projects
(A company limited by guarantee)

Consolidated balance sheet at 31 March 2018

	Note	£	2018 £	£	2017 £
Current assets					
Stocks		525		525	
Debtors	10	1,205		1,206	
Cash at bank and in hand		20,590		11,505	
			<u>22,320</u>	<u>13,236</u>	
Creditors					
Amounts falling due within one year	11	(6,085)		(4,722)	
Net current assets			<u>16,235</u>	<u>8,514</u>	
Net assets			<u>16,235</u> =====	<u>8,514</u> =====	
Reserves					
Unrestricted reserves	12		6,928		2,170
Restricted reserves	12		9,307		6,344
Members' funds	12		<u>16,235</u> =====	<u>8,514</u> =====	

For the financial year in question the company was entitled to exemption under Section 477 of the Companies Act 2006 relating to small companies.

No members have required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006.

The trustees acknowledge their responsibility for complying with the requirement of the Act with respect to accounting records and for the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the board on 10 August 2018.

D.R. Marshall

Derek Marshall
Trustee

Capstone Projects
(A company limited by guarantee)

Notes to the financial statements

1 Status of company and liability of members

On the winding up of the charitable company every member has undertaken to contribute to the assets of the charitable company for the payment of debts and liabilities and of the cost of winding up of the charitable company, such amount as may be required not exceeding ten pounds. If the winding up occurs within one year of a member ceasing to be a member then the above applies for debts and liabilities of the charitable company contracted for before he ceased to be a member.

Charity information

Capstone Projects is a charitable company registered in Scotland. The principal and registered office address is 15 Balunie Drive, Dundee DD4 8PS.

2 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention, and include the results of the operations of the charitable company and group as indicated in the Trustees' Report. The financial statements incorporate the requirements of the Statement of Recommended Practice – "Accounting and Reporting by Charities" (FRS 102), applicable accounting standards, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity has taken exemption from preparing a cashflow statement in compliance with FRS 102 1A Update bulletin 1.

These financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The company meets the definition of a public benefit entity under FRS 102.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The following is a summary of the significant accounting policies adopted by the charitable company and group in the preparation of the financial statements.

Capstone Projects **(A company limited by guarantee)**

Notes to the financial statements (continued)

Group financial statements

These financial statements consolidate the results of the charitable company and its wholly owned subsidiary, Coffee Exchange Kirriemuir Limited on a line by line basis.

Income

Grants and donations

Grants and donations are included when receivable by the charitable company.

Turnover

Turnover is derived from the trading income of the subsidiary and is stated after any trade discount.

Expenditure

Expenditure is included in the financial statements on an accruals basis:

- Raising funds are those incurred in attracting various income streams and those incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with the support and education provided in Uganda.
- Governance costs include those incurred in the governance of the charitable company and its assets and are primarily associated with constitutional and statutory requirements. These are included within charitable activities within the Statement of Financial Activities.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of staff time spent on these activities within the charitable company's whole operations including support costs.

All expenditure classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Pension

The subsidiary company operates a defined contribution pension scheme for employees, which requires contributions to be made to a separately administered fund. Contributions to this fund are charged to the statement of financial activities as incurred.

Investments

Investments are stated at cost.

Capstone Projects
(A company limited by guarantee)

Notes to the financial statements (continued)

2 Accounting policies (continued)

Stock

Stocks are valued at the lower of cost and net realisable value.

Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount repaid.

Cash at bank and in hand

Cash at bank and in hand includes cash and cash held in a deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charitable company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discount.

Financial instruments

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Funds

In the Statement of Financial Activities funds are classified as either restricted funds or unrestricted funds, defined as follows:-

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charitable company without further specified purpose and are available as general funds.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, is charged to the fund together with a fair allocation of management and support costs.

A transfer is made from unrestricted funds to restricted funds to compensate fully all restricted funds which would otherwise be in deficit at the accounting date.

Capstone Projects
(A company limited by guarantee)

Notes to the financial statements (continued)

3 Financial activities of the charity

The financial activities shown in the consolidated statements includes those of the charitable company's wholly owned subsidiary, Coffee Exchange Kirriemuir Limited.

The summary of the financial activities undertaken by the charitable company is set out below:

	2018	2017
	£	£
Gross incoming resources	48,266	45,491
Intercompany Gift Aid received	5,393	2,890
Total expenditure on charitable activities	(45,465)	(56,092)
Net income/(expenditure)	8,194	(7,711)
Total funds brought forward	7,805	15,516
Total funds carried forward	15,999	7,805
Represented by		
Unrestricted funds	6,692	1,461
Restricted funds	9,307	6,344
	15,999	7,805

Capstone Projects
(A company limited by guarantee)

Notes to the financial statements (continued)

4 Income from activities for raising funds

The wholly owned trading subsidiary Coffee Exchange Kirriemuir Limited (SC378483), which is incorporated in the United Kingdom, pays its profits to the charity by gift aid. Coffee Exchange Kirriemuir Limited carried out the operation of the Kirriemuir based coffee shop.

The charity owns the entire share capital of 2 ordinary shares of £1. A summary of the trading results is shown below.

	2018 £	2017 £
Turnover	63,905	64,041
Operating income	1,338	-
Cost of sales	(19,374)	(20,217)
Administration costs	(40,949)	(40,229)
Net profit	4,920	3,595
Amount gift aided to the charity	(2,890)	(2,890)
Retained profit in subsidiary	2,030	705
The assets and liabilities of the subsidiary were:		
Current assets	7,453	3,740
Current liabilities	(4,712)	(3,029)
Total net assets	2,741	711
Aggregate share capital and reserves	2,741	711

The company has no liability to tax as the profits are paid as gift aid to the parent charitable company, Capstone Projects.

5 Turnover

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Sales	65,243	64,041	-	-
Grants and donations	48,266	45,491	53,659	47,891
	113,509	109,532	53,659	47,891

Capstone Projects
(A company limited by guarantee)

Notes to the consolidated financial statements (continued)

6 Total expenditure	Raising funds Unrestricted £	Charitable activities		2018 Total £	2017 Total £
		Unrestricted £	Restricted £		
Commercial trading operations	60,323	-	-	60,323	60,446
Uganda Street Children donations	-	-	16,032	16,032	27,678
Uganda Dispensary donations	-	-	15,602	15,602	15,719
Uganda HIV Counsellor donations	-	-	840	840	831
Uganda Farm donations	-	-	-	-	2,389
Uganda School Building donations	-	-	4,840	4,840	4,800
Uganda Travel costs	-	-	1,951	1,951	2,896
Miscellaneous expenditure	-	-	242	242	260
Childrens Centre	-	-	3,600	3,600	470
Independent examiner's fee	-	2,358	-	2,358	1,049
	60,323	2,358	43,107	105,788	116,538

Capstone Projects
(A company limited by guarantee)

Notes to the consolidated financial statements (continued)

7 Staff costs

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Wages and salaries	33,656	31,640	-	-
Other pension costs	468	678	-	-
	<u>34,124</u>	<u>32,318</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

	Group		Charity	
	2018 No.	2017 No.	2018 No.	2017 No.
Average monthly number of employees	6	5	-	-
	=====	=====	=====	=====

Trustees' remuneration and key management

No trustees were paid in the year (2017 – none) in Capstone Projects or Coffee Exchange Kirriemuir Limited.

The trustees received no expenses during the year ended 31 March 2018 (2017 – none).

8 Operating surplus

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
The operating surplus is stated after charging:				
independent examiner's fees	3,541	2,411	2,358	1,049
	<u>3,541</u>	<u>2,411</u>	<u>2,358</u>	<u>1,049</u>
	=====	=====	=====	=====

Capstone Projects
(A company limited by guarantee)

Notes to the consolidated financial statements (continued)

9 Fixed asset investments

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Coffee Exchange Kirriemuir Ltd	-	-	2	2
	=====	=====	=====	=====

Coffee Exchange Kirriemuir Limited is a wholly owned subsidiary incorporated in Scotland. The profit for the year ended 31 March 2018 in Coffee Exchange Kirriemuir Limited is £2,030 (2017 – £705) and closing shareholders' funds are £2,741 (2017 - £711)

10 Debtors

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Inter company debtor	-	-	2,503	-
Other debtors	1,205	1,206	-	-
	=====	=====	=====	=====
	1,205	1,206	2,503	

11 Creditors

Amounts falling due within one year:

Other taxes and social security costs	24	106	-	-
Other creditors	6,061	4,616	1,373	1,693
	=====	=====	=====	=====
	6,085	4,722	1,373	1,693

Capstone Projects
(A company limited by guarantee)

Notes to the consolidated financial statements (continued)

12 Reserves

Charity	Opening balance £	Income £	Expenditure £	Transfers £	Closing balance £
Unrestricted					
Revenue reserves	1,461	8,071	(2,358)	(482)	6,692
Restricted					
Administration	647	603	(242)	-	1,008
Uganda street children	-	15,718	(19,632)	4,516	602
Uganda clinic and dispensary	106	15,674	(15,602)	-	178
Uganda HIV counsellor	72	813	(840)	-	45
Uganda school building	753	11,561	(4,840)	-	7,474
Uganda travel costs	564	1,219	(1,951)	168	-
Children's centre	4,202	-	-	(4,202)	-
Total restricted revenue reserves	6,344	45,588	(43,107)	482	9,307
Total reserves	7,805	53,659	(45,465)	-	15,999

Capstone Projects
(A company limited by guarantee)

Notes to the consolidated financial statements (continued)

12 Reserves (continued)

Group	Opening balance £	Income £	Expenditure £	Transfers £	Closing balance £
Unrestricted					
Revenue reserves	2,170	67,921	(62,681)	(482)	6,928
Restricted					
Administration	647	603	(242)	-	1,008
Uganda street children	-	15,718	(19,632)	4,516	602
Uganda clinic and dispensary	106	15,674	(15,602)	-	178
Uganda HIV counsellor	72	813	(840)	-	45
Uganda school building	753	11,561	(4,840)	-	7,474
Uganda travel costs	564	1,219	(1,951)	168	-
Childrens centre	4,202	-	-	(4,202)	-
Total restricted revenue reserves	6,344	45,588	(43,107)	482	9,307
Total reserves	8,514	113,509	(105,788)	-	16,235

Capstone Projects
(A company limited by guarantee)

Notes to the consolidated financial statements (continued)

12 Reserves (continued)

Purposes of restricted reserves

Administration	To fund the administration of the charity. The trustees donate to this fund so that all donations given by others can be used wholly for Charitable projects.
Uganda street children	To fund support and education projects with children experiencing poverty in Uganda.
Uganda clinic & dispensary	To fund the running of a medical centre in Lugazi, Uganda.
Uganda HIV counsellor	To fund HIV counselling support in Lugazi, Uganda.
Uganda school building	To fund construction of a school building in Lugazi, Uganda.
Uganda travel costs	To fund team members travel to Uganda.

The transfer from the Children's centre fund to Uganda street children fund of £4,202 reflects the change of use agreed with original funder to spend on the children placed with extended families and the support workers.

13 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Charity			
Investments	2	-	2
Net current assets	6,690	9,307	15,997
Net assets at 31 March 2018	6,692 =====	9,307 =====	15,999 =====
Group			
Net current assets	6,928 =====	9,307 =====	16,235 =====

Capstone Projects
(A company limited by guarantee)

Notes to the consolidated financial statements (continued)

14 Related party transactions

Derek Marshall and Alex Macaulay are also trustees of Factory II Limited. During the year Capstone Projects received £6,500 (2017 - £6,000) from Factory II Limited as a donation.

During the year Coffee Exchange Kirriemuir Ltd paid £5,515 (2017 - £4,424) for goods and services from Factory II Limited.

During the year Mrs Marshall, wife of Derek Marshall Trustee received a salary of £13,024 (2017 - £14,543) from Coffee Exchange Kirriemuir Limited.

15 Financial instruments

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Carrying amount of financial assets				
Financial assets measured at amortised cost	1,205	1,206	2,503	-
	=====	=====	=====	=====
Carrying amount of financial liabilities				
Financial liabilities measured at amortised cost	6,061	4,616	1,373	1,693
	=====	=====	=====	=====

Financial assets measured at amortised cost comprises sundry debtors and amounts due from group undertakings.

Financial liabilities measured at amortised cost comprises accruals and other creditors.